

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS

SUPERIOR COURT

99-E-0410

IN THE MATTER OF THE LIQUIDATION OF  
TUFTS HEALTH PLAN OF NEW ENGLAND, INC.

**LIQUIDATOR'S FOURTH INTERIM STATUS REPORT**

Paula T. Rogers, Commissioner of Insurance of the State of New Hampshire and the duly appointed Liquidator of Tufts Health Plan of New England, Inc. in the above-captioned liquidation proceeding, for her Fourth Interim Status Report for the quarter ending January 31, 2001, states as follows:

1. This Court entered an Order of Liquidation on January 3, 2000 against Tufts Health Plan of New England ("TNE"). Under the Order, coverage under TNE policies ceased on February 2, 2000.<sup>1</sup>
2. The Liquidator filed her First Interim Status Report on May 19, 2000, covering the period from the commencement of this case through April 30, 2000. She filed her Second Interim Status Report on September 1, 2000, covering the period from May 1 through July 31, 2000. She filed her Third Interim Status Report on December 1, 2000, covering the period from August 1 through October 31, 2000. Since the Third Interim Status Report, the Liquidator has continued the work of marshaling the assets of the liquidating estate, designing and implementing the proof of claim process, and supervising the wind-down of TNE operations. In addition, as referred to in the Third

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<sup>1</sup> TNE was incorporated on or about January 31, 1995 as a health maintenance organization ("HMO") by certain parent and affiliate organizations: Tufts Health Plans, Inc., Tufts Affiliated Health Maintenance Organization, Inc., and TAHMO Holdings, Inc. These parent and affiliate organizations are collectively referred to in this Interim Report as "TAHMO."

Interim Report, on November 14, 2000, the Liquidator executed a Funding and Settlement Agreement (the “Funding and Settlement Agreement”) with TAHMO. The Funding and Settlement Agreement, along with her Plan of Liquidation (the “Plan of Liquidation”) were filed with the court on November 22, 2000.

3. The Plan of Liquidation and the Funding and Settlement Agreement form a cornerstone of the Liquidator’s efforts to marshal the estate’s assets and administer claims. It included a settlement of the largest claim filed against TNE, that of Bath Iron Works (“BIW”), reducing BIW’s asserted claim of \$21.8 million to an allowed claim in the net amount of \$14 million. The Plan of Liquidation, the Funding and Settlement Agreement, and all related documents are on file in this proceeding and were reviewed by the court. Copies were also posted on the web site of the New Hampshire Department of Insurance. Notice of the hearing on approval of the Plan of Liquidation and the Funding and Settlement Agreement was provided to all known creditors of TNE, pursuant to court-approved notice procedures. The court held a hearing on December 21, 2000, and after reviewing all responses filed and statements made in open court, entered an order approving the Plan of Liquidation and the Funding and Settlement Agreement on December 28, 2000. A copy of the court’s order is attached hereto. No appeals were taken from the court’s December 28 order within the 30-day appeal period provided under New Hampshire law, which period expired on January 29, 2001.<sup>2</sup>

4. The Liquidator and her agents have reviewed the financial records of TNE, worked to identify additional assets, and have pursued conversion of non-liquid assets into cash. At January 31, 2001, cash and cash equivalents total \$42.8 million

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<sup>2</sup> The Funding and Settlement Agreement closed on February 7, 2001. The cash balances reported herein do not reflect the transfers of funds under the Funding and Settlement Agreement

(including approximately \$1.5 million in special deposits (the “Special Deposits”) held in the ancillary proceeding pending against TNE in the State of Rhode Island. Additional assets of approximately \$1.8 million remain on TNE’s balance sheet. These assets include receivables primarily from risk sharing contracts with providers, and reinsurance receivables due from TNE’s former reinsurance carrier. The Liquidator’s agents continue to pursue additional unrecorded assets, but are unable at this time to project the anticipated net realizable value of those assets.

5. In total, 6,447 Proofs of Claims (or “POC’s”) were filed before the July 10, 2000 bar date previously established by the Liquidator, including 41 POC’s previously reported on a combined basis in the Liquidator’s Third Interim Status Report. Total amounts claimed on the face of the timely filed POCs, including amendments received thereto, now totals \$87,725,515.41. 465 of the 6,447 POC’s stated the amount owed as “unliquidated” or “unknown.” In addition, as of January 31, the Liquidator has received 197 POCs, with a total face amount of \$406,152.18, filed after the July 10 bar date. The POC’s have been inventoried, and an acknowledgement of receipt has been sent to all claimants. The POC’s are currently being matched to TAHMO’s Books and Records to determine adjudicated claim values. The Funding and Settlement Agreement and Plan of Liquidation also allow the Liquidator to implement an expedited claims settlement process herein referred to as the Pre-NOD Process. This Pre-NOD Process allows the Liquidator to settle and pay claims, which meet the criteria described in the Funding and Settlement Agreement, in an expeditious manner. The Liquidator is diligently working together with TAHMO to implement this Pre-NOD Process.

6. The Liquidator continues to support the Rhode Island Ancillary Receiver by providing information and data sufficient for required court filings. The Liquidator is currently gathering information to determine the total amounts claimed by Rhode Island claimants. Actuarial estimates of this amount initially forecast that less than \$500,000 in claims would be payable to Rhode Island residents. However, it currently appears that other claims based on PCP bonuses, minimum payment arrangements and other matters may increase claims payable from the Special Deposits by as much as \$500,000.

7. Between December 20, 1999 and January 31, 2001, the Liquidator paid approximately \$34.0 million in Class I administration costs, of which approximately \$22.3 million was paid to contracted providers for delivery of post-petition medical services and products to TNE members and subscribers.

8. The Liquidator continues to use existing TNE and TAHMO claims payment systems to adjudicate all provider claims and to pay Class I contracted provider claims. As reported previously, in recognition of the reduced volume and scope of administrative services provided, the administrative fees payable and accruing to TAHMO in connection with its services rendered to the Liquidator in this proceeding were reduced, retroactive to April 1, 2000.

9. The Liquidator continues to place a priority on addressing member complaints throughout the liquidation process. To that end, the Liquidator previously established an accelerated process for resolving complaints received from members experiencing continued billings and collection efforts from medical providers. The accelerated process seeks to protect members from being inappropriately billed for services and/or from being pursued by collection agencies. The process continues to

emphasize educating providers on the terms of the contractual agreements and statutes that protect members from inappropriate billing practices. The existence and goals of this complaint resolution process have been shared with the general public through public meetings. In addition, regulators from Maine and Rhode Island are forwarding such complaints to the Liquidator for quick resolution.

10. The Liquidator plans to continue her regular communication with all TNE subscribers, policyholders, providers, brokers or agents, general creditors and other claimants and interested parties, and continues to post significant developments in this proceeding on the New Hampshire Insurance Department's web site, [www.state.nh.us/insurance](http://www.state.nh.us/insurance).

Respectfully submitted,

PAULA T. ROGERS, COMMISSIONER  
OF INSURANCE OF THE STATE OF  
NEW HAMPSHIRE

By her attorneys,

PHILIP T. MCLAUGHLIN  
ATTORNEY GENERAL

Dated: March 1, 2001

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Walter J. Maroney, Esquire  
Senior Assistant Attorney General  
Civil Bureau  
33 Capitol Street  
Concord, NH 03301-6397  
(603) 271-3658

SHEEHAN PHINNEY BASS + GREEN,  
PROFESSIONAL ASSOCIATION

Dated: March 1, 2001

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Bruce A. Harwood, Esquire  
1000 Elm Street, P.O. Box 3701  
Manchester, NH 03105-3701  
(603) 627-8139

**CERTIFICATE OF SERVICE**

I hereby certify that on this 1<sup>st</sup> day of March, 2001, a copy of the foregoing Liquidator's Fourth Interim Status Report was served upon the parties listed on the attached service list via first class mail, postage prepaid.

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Bruce A. Harwood